

Exhibit J

NEWSWIRE ASSOCIATED PRESS BUSINESS NEWSWIRE

US prosecutor: Oregon has big pot overproduction problem

By THE ASSOCIATED PRESS
FEB 02, 2018 AT 4:03 PM



FILE - This Sept. 30, 2016 file photo shows a marijuana bud before harvesting at a rural area near Corvallis, Ore. Billy Williams, United States Attorney for the District of Oregon, is holding a marijuana summit to address what he calls a "massive" marijuana surplus in the state. He announced the Friday, Feb. 2, 2018 summit, after Attorney General Jeff Sessions rescinded a memo outlining how states with legalized marijuana could avoid federal scrutiny. (AP Photo/Andrew Selsky, File)

PORTLAND, Ore. (AP) — Oregon's top federal prosecutor said Friday the state has a "formidable" problem with marijuana overproduction that winds up on the black market and that he wants to work with state and local leaders and the pot industry to do something about it.

U.S. Attorney Billy Williams convened the unprecedented summit of influential federal law enforcement representatives, state officials and marijuana industry scions after Attorney General Jeff Sessions withdrew an Obama administration memo that had guided states with legalized weed on how to avoid federal scrutiny.

The meeting included representatives from 14 other U.S. attorney's offices, the FBI, the U.S. Postal Inspection Service, the U.S. Forest Service and U.S. Customs and Border Protection. U.S. attorneys from California, Washington, Colorado, Idaho, Nevada, Alaska, Montana, Massachusetts and Hawaii attended in person.

Gov. Kate Brown, a Democrat, told guests that Williams has assured members of her administration that "lawful Oregon businesses remain stakeholders in this conversation and not targets of law enforcement."

The marijuana industry has been watching federal prosecutors in states with legalized weed like Oregon closely since Sessions rescinded the so-called Cole memo. U.S. attorneys in states where marijuana is legal under state law now face the delicate question of how to do their jobs and hew to the federal ban.

Williams sought to calm fears among pot growers, but said the market has a problem that must be addressed. Everyone needs a "bottom-line answer" on how much excess marijuana is being produced and how much of it winds up on the black market, he said.

Williams last month wrote a guest column in a newspaper in which he said the surplus attracts criminal networks and generates money laundering, drug violence and draws down water supplies in rural communities.

"Here's what I know in terms of the landscape here in Oregon, and that is, we have an identifiable and formidable marijuana overproduction and diversion problem," he said Friday.



Oregon Gov. Kate Brown , at podium, speaks at a marijuana summit in Portland, Ore., Friday, Feb. 2, 2018. Oregon's top federal prosecutor, Billy J. Williams, is holding the marijuana summit to hear how state, law enforcement, tribal and industry leaders plan to address a pot surplus that he says has wound up on the black market in other states and is fueling crime. (AP Photo/Don Ryan)

Williams added: "And make no mistake about it, we're going to do something about it."

There is general agreement that marijuana from Oregon does wind up in other states where it isn't legal. Still, it's hard to say if pot smuggling has gotten worse in Oregon — where illicit pot farmers were thriving long before recreational legalization — or how much of the marijuana leaving the state filters out from the legal side.

Williams has previously said law enforcement in 16 other states have reported seizing marijuana from Oregon and postal agents have intercepted more than 2,600 pounds of pot in outbound packages and over \$1.2 million in associated cash.

Advocates dismiss the idea that legalization has caused a spike in black markets sales. It's just that now, because it's legal, it's much easier to track it back, they said.

"When I moved to Oregon in 1979, cannabis was a billion-dollar crop then, so the notion that this is somehow caused by legalization or by the medical program is something that's misplaced," said Leland Berger, an attorney who specializes in marijuana cases.

Oregon did not cap the number of recreational pot producers, virtually guaranteeing an overproduction problem, said Seth Crawford, a former Oregon State University professor who's an expert on marijuana economics and cannabis policy.

He estimated Oregon growers produce up to three times the amount of marijuana that the state can absorb legally each year.



U.S. Attorney for the District of Oregon Billy J. Williams, middle, speaks at a marijuana summit in Portland, Ore., Friday, Feb. 2, 2018, as Oregon Gov. Kate Brown sits to the right of Williams. Oregon's top federal prosecutor, Williams, is holding the marijuana summit to hear how the state, law enforcement, tribal and industry leaders plan to address a pot surplus that he says has wound up on the black market in other states and is fueling crime. (AP Photo/Don Ryan)

"You created this huge industry that has nowhere to put its product," Crawford said.

"If you were an investor and you had just dropped \$4 million into a (marijuana) grow and you had thousands of pounds of flower that was ready to go but you had nowhere to sell it ... if you want any of your money back, the only thing you can do is sell it on the black market," he said. "It was a system designed for failure."

Oregon voters approved the sale of recreational marijuana in 2014, and it became legal the following year. The state has allowed medical marijuana since 1998.

It now has about 900 licensed recreational growers, with more than 1,100 licenses awaiting approval. Another roughly 25,600 growers in the state produce cannabis for medical marijuana patients.

More than 500 retailers are licensed to sell recreational weed, with nearly 250 applications pending.

Follow Gillian Flaccus on Twitter at <http://www.twitter.com/gflaccus>

Copyright 2017 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Topics: [newswires](#), [associated press](#), [business newswires](#)